

City of Detroit


CITY COUNCIL

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TO: Amru Meah, Director
Buildings and Safety Engineering Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director 

DATE: May 5, 2006

RE: 2006-2007 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2006-07 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Ron Chenault, Budget Department
Roger Short, Interim Chief Financial Officer-Mayor's Office
Kandia Milton, Mayor's Office

Buildings and Safety Engineering (13)

FY 2006-07 Budget Analysis by the Fiscal Analysis Division

Summary

Buildings and Safety Engineering (BS&E) is a General Fund agency. The recommended 2006-07 Budget is \$36 million, which is a \$581,000 decrease over the current year's budget. The department's recommended Net Tax Cost is zero.

In accordance with PA 245 of 1999, BS&E is now set up as a special revenue fund in the city's Comprehensive Annual Financial Report (CAFR). The recommended budget reflects BS&E as an enterprise agency.

The department is recommended to receive a Block Grant appropriation of \$7.2 million, a decrease of \$1.3 million for Demolition Administration.

2006-07 Surplus/(Deficit)

BS&E is expected to end up with a net surplus of \$576,000. This is derived based on an appropriation surplus of \$4.15 million due to departmental vacancies offset by revenue shortfalls from property maintenance fines.

The administration indicates that any surplus generated in the current fiscal year will be used to repay the General Fund for operating subsidiaries in the past.

Overtime

The overtime budget for current year is \$278,396. As of April 30, 2006, the department has spent \$75,796 on overtime in 2005-06, which is (27.2%) of the current year's budget. The recommended FY 2006-07 overtime budget is \$306,546

Personnel and Turnover Savings

The department has no budgeted turnover savings in FY 2006-07.

Following is information by appropriation comparing budgeted FY 2006-07 positions, March 31, 2006 filled positions and FY 2006-07 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2005-06</u>	<u>Filled Positions 3/31/2006</u>	<u>Mayor's Budget Positions FY 2006-07</u>	<u>Over/(Under) Actual to 05/06 Budget</u>	<u>Mayor's Recommended Turnover</u>
Buildings & Safety Eng. (13):					
130310 Administration	16	12	15	(4)	\$ -
130312 Licenses & Permits	37	47	47	10	\$ -
130314 Plan Review	15	13	14	(2)	\$ -
10814 Administration & Licenses	68	72	76	4	\$ -
130340 Mechanical	67	68	67	1	\$ -
130345 Housing Inspections	35	71	35	36	\$ -
130346 Buildings	36	37	36	1	\$ -
130347 Zoning	3	3	4	0	\$ -
10815 Inspections	141	179	142	38	\$ -
10829 Demolition-B&SE	31	26	31	(5)	\$ -

Appropriation/Program	Budgeted Positions FY 2005-06	Filled Positions 3/31/2006	Mayor's Budget Positions FY 2006-07	Over/(Under) Actual to 05/06 Budget	Mayor's Recommended Turnover
11110 Property Maint. Enforce.	82	0	82	(82)	\$ -
13XXXX Cost Center Not on File	0	8	0	8	\$ -
13XXXX Leave of Absence	0	(2)	0	(2)	\$ -
13XXXX Worker's Comp.	0	(1)	0	(1)	\$ -
13XXXX Unmatched Positions	<u>0</u>	<u>7</u>	<u>0</u>	<u>7</u>	<u>\$ -</u>
TOTAL	<u>322</u>	<u>285</u>	<u>331</u>	<u>(37)</u>	<u>\$ -</u>

Proposed Layoffs and Vacant Position Reductions

The 2006-07 Budget does not require any layoffs in the Building & Safety Engineering Department. The department is receiving a total of 10 positions, which transfer from the Consumer Affairs Department's Business License Center. In addition, BS&E will transfer one position to computer operations. Therefore, overall the department will add a net total of nine positions. The positions are detailed below.

Title	Transfer (Out)	Layoffs	Transfers In	Total
Admin Supv License & Permits			1	1
Sr Comm & Res License Inv.			1	1
Comm & Res License Inv.			1	1
Principal Clerk			2	2
Senior Clerk/Teller			3	3
Senior Clerk			1	1
Clerk			1	1
Dept Info Technology Mgr	(1)			(1)
B&SE Total	<u>(1)</u>	<u>0</u>	<u>10</u>	<u>9</u>

Significant Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
10814	Administration & Licenses	This appropriation increases by \$181,000 in FY 2005-06. The increase is due primarily to the net increase of several accounts. Salary & wages increases by \$358,000, a \$293,000 increase in employee benefits, a direct result of the net increase of eight (8) positions; and a \$46,000 increase in fixed charges. The increases are offset by a \$207,000 decrease in operating services, a \$173,000 decrease in operating supplies, and an \$87,000 decrease in other expenses, and a \$50,000 decrease in capital equipment.
10815	Inspections	This appropriation decreases by \$410,000, due primarily to decreases of \$673,000 in org. 130345 Housing/Inspections, and \$81,000 in org 13040 Mechanical. The decrease is offset by increases of

\$221,000 in org. 130346 Buildings, and \$123,000 in org. 130347 Zoning.

11110	Prop. Maint. Enforcement	This appropriation increases by \$973,000 in FY 2006-07. This increase is due primarily to a \$109,000 increase in salaries-full time, a \$263,000 increase in employee benefits, a \$286,000 increase in miscellaneous expenses, a \$257,000 increase in dues & miscellaneous and a \$71,000 increase for private car reimbursement, offset by a \$15,000 reduction in office supplies.
10829	Demolition-Adm-BS&E	This appropriation decreases by \$1.3 million due primarily to a \$1.5 million decrease in professional contractual services, offset by salaries & wages increases resulting from the expiration of the current fiscal year's 10% salary reduction and a \$55,000 increase in postage. The decrease reflects the overall decreases in Block Grant dollars anticipated for 2006-07.

Significant Revenue Changes by Appropriation and Source

Appro. Program

10814	Administration & Licenses	This new revenue appropriation is budgeted at \$10.09 million. This appropriation is a result of the reallocation of the former revenue appropriation 10817- Administration & Operations. This revenue appropriation now reflects a more focused connection with its matching appropriation.
10817	Administration & Operations	This revenue appropriation is discontinued in 2006-07. budgeted at \$28.03 million in the current fiscal year (2005-06), is reallocated to new revenue appropriations in the 2006-07 FY, 10814- Administration & Licenses at \$10 million, 10815- Inspections at \$9 million and 11110 Property Maintenance Enforcement. This was done to reflect a focused connection with BS&E's revenue appropriations with its matching appropriations. Overall, however, non Block Grant revenue increases by \$743,951 for BS&E in the 2006-07 FY.
10815	Inspections	This new revenue appropriation is budgeted \$9.32 million. This appropriation is a result of the reallocation of the former revenue appropriation 10817- Administration & Operations.
11110	Prop. Maint.	This new revenue appropriation is budgeted \$9.36 million. This appropriation is also a result of the reallocation of the former revenue appropriation 10817- Administration & Operations.

10829 Demolition This revenue decreases by \$1.3 million in BS&E Block Grant dollars for FY 2006-07.

Buildings and Safety Engineering (13)

Budgeted Professional and Contractual Services by Activity	FY 2005-06 <u>Budget</u>	FY 2006-07 <u>Recommended</u>	Increase (Decrease)
Administration & Licenses	\$ -	\$ -	\$ -
Demolition Administration	<u>\$ 6,698,246</u>	<u>\$ 5,192,402</u>	<u>\$ (1,505,844)</u>
Total	<u>\$ 6,698,246</u>	<u>\$ 5,192,402</u>	<u>\$ (1,505,844)</u>

Questions and Issues

As of April 1, 2006, the department has 25 vacant non block grant positions, and including block grant vacancies, 30 overall.

- What are the vacant positions and are they fully funded for the 2006-07 FY?
- Does the department plan to fill the vacancies? If yes, how soon?

The department has implemented the Tidemark system for much of its financial activity. How successful has the system performed in the following areas:

- Interfacing with the City's DRMS financial system
- Permit tracking
- Billing activity
- Account receivable collections

Page 13- 3- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW

Planning for the Future For FY 2006-07, FY 2008 and Beyond

The department has piloted a small claims collection effort during fiscal 2003-04 and expects to continue its aggressive collections program in the 2006-07 FY.

- Please describe how the program works, such as the number of personnel dedicated to this task and their methodology. Does this project involve any assistance from any other City departments, such as Finance and Law?
- So far, how successful have these collections efforts been?
- What is the anticipated revenue impact of this project for the 2006-07 FY?

Page 13- 4- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW

Efficiency: Measures	2003-04 Actual	2004-05 Actual	2005-06 Projection	2006-07 Target
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Percentage of Fees collected	48	70	75	80
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- It appears that collections in this area have improved significantly. What steps did the department implement to improve this area of collection in this category?
- Is 100% of fees collected a realistic goal for the future for the category above?

Page 13- 9 INSPECTION SERVICES FOR MECHANICAL/ELECTRICAL DIVISION MEASURES AND TARGETS –

Goals:	2002-03	2003-04	2004-05	2006-07
Measures	Actual	Actual	Projection	Target
Heating equipment safety inspections	19,543	15,668	26,476	1,600

- The target above for heating equipment safety inspections appears to decrease dramatically in the 2006-07 FY. What's the rationale for this change? Will this change have any safety ramifications?

Page 13- 9 PROPERTY MAINTENANCE ENFORCEMENT DIVISION MEASURES AND TARGETS –

Goals:	2003-04	2004-05	2005-06	2006-07
Measures	Actual	Actual	Projection	Target
Number of special land use grant inspections	1,375	173	3,912	4,230

- The number of special land use grant inspections are projected to increase significantly in the current and upcoming fiscal years. What's the rationale for the increases?
- BS&E has targeted issuing 40,000 DAH (Department of Administrative Hearings) Tickets in the 2006-07 FY. What's the basis of this figure?

Overall, non Block Grant revenue increases by \$743,951 for BS&E in the 2006-07 FY.

- What is the basis for the projected revenue increase? Is it based primarily on the increase of revenue collectors that are being added to the Licenses and Permits division?

Page 13- 21 Housing/Inspections

Ten Housing Inspector titles are changed to Building Inspectors in the 2006-07 FY.

- What is the rationale for these Inspector position changes?

Page 13- 23 Property Maintenance Enforcement

Four Supervising Housing Inspector titles are changed to Supervising Building Inspectors in the 2006-07 FY in this section as well.

Any surplus generated by BS&E this fiscal year will be used to repay the General Fund for operating subsidiaries in the past. What is the total amount of past subsidiaries BS&E owes the General Fund?

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